

MORNING REPORT

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Top News

KEY OVERSEAS MARKETS

U.S. stock markets changed marginally after the Federal Reserve announced the beginning of its tapering of its asset purchases by \$15 billion later in November. The Dow Jones Industrial Average declined 0.19%, while the S&P 500 index and the Nasdaq Composite index rose 0.53% and 0.91%, respectively. All three of the major averages finished at record highs on Tuesday with the Dow closing above 36,000 for the first time. The markets expect the first Fed interest rate hike to occur in July 2022. It would appear the Fed will adopt a very measured approach to the reductions of its net asset purchases, but "it is prepared to adjust the pace of purchases, if warranted by changes in the economic outlook" according to the central bank's open committee. The ADP employment report showed private sector payrolls had increased by 571,000 workers surpassing the 400,000 new jobs analysts were expecting. The yield on the 10-year note was up two basis points at 1.57% following the Fed's decision.

West Texas Intermediate crude oil dropped \$2.82 to \$81.09 a barrel and gold slid \$25.10 to \$1,763.60 an ounce. Other key overseas markets were mostly lower, France's CAC 40 up 0.34% and Germany's DAX 30 increasing marginally 0.03% while Britain's FTSE 100 fell 0.36%. China's Shanghai Composite slipped 0.2% and Hong Kong's Hang Seng index fell 0.3%. Japan's Nikkei 225 closed for a holiday.

ASX AND NZX

The Australian stock market rebounded and had its best day in a month, with heavyweight financials and miners driving the rebound. The market was relieved, after RBA Governor Philip Lowe said the central bank would not hike interest rates anytime soon and not before 2024. The S&P/ASX 200 index rose 0.9% to 7,392.7, with most sectors closing higher. Financials led the gains on the benchmark, rising 1.2%. Shares of Commonwealth Bank of Australia rose sharply after the country's largest lender said it would offer retail clients crypto services. Miners jumped 1.3%, with BHP Group and Rio Tinto up 1.1% and 1.2%, respectively, despite lower iron prices. Energy stocks also rose 0.6%, even though the crude price dropped. Whitehaven Coal jumped 3.8%.

In New Zealand, the stock market was flat, after the central bank warned that rising inflation could mean higher interest rates. Employment statistics announced yesterday, placed NZ unemployment at 3.6%, well below expectations, leading to speculation by economic commentators, that the Reserve Bank would be under renewed pressure to increase interest rates next month. The S&P/NZX 50 ended virtually flat at 12,993.83, on turnover of \$150 million. The top five best performing stocks were AMP (+7%), GFL (+5.63%), NZM (+5.0%), BLT (+3.45%) and STU (3.36%). Among the worst performers were GFI (-6.78%), MOV (-6.08%), EVO (-3.23%), POT (-2.35%), SKL (-2.18%) and MEL (-1.61%)

NZX Index				
Index	Last	Change		
S&P/NZX All Index	14,212.34	0.59	▲	0.00%
S&P/NZX 50 Index	12,993.83	1.33	▲	0.01%
S&P/NZX MidCap Index	37,188.02	30.13	▼	0.08%
S&P/NZX SmallCap Index	96,053.14	16.21	▼	0.02%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	7,713.00	66.40	▲	0.87%
S&P/ASX 200	7,392.70	68.40	▲	0.93%
ASX Small Ordinaries	3,540.30	29.00	▲	0.83%
S&P/ASX MIDCAP 50	9,448.40	91.60	▲	0.98%
S&P/ASX 20	4,058.80	40.20	▲	1.00%
Foreign Markets Index				
	Last	Change		
S&P 500	4,655.16	24.51	▲	0.53%
Dow Jones Industrial Average	36,120.92	68.29	▲	0.19%
NASDAQ Composite	15,791.53	141.93	▲	0.91%
FTSE 100	7,248.89	25.92	▼	0.36%
ASX All Ordinaries	7,713.00	66.40	▲	0.87%
NIKKEI 225	29,520.90	126.18	▼	0.43%
HANG SENG INDEX	25,024.75	74.92	▼	0.30%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9604	0.0037	▲	0.39%
USD	0.715	0.0041	▲	0.58%
CNY	4.581	0.0323	▲	0.71%
EUR	0.6162	0.0024	▲	0.39%
CAD	0.8865	0.0047	▲	0.53%
GBP	0.5229	0.0009	▲	0.17%
JPY	81.5212	0.5239	▲	0.65%
US 10 Year Treasury Yield				
US 10YR	1.58%			
NZ Interest Rates				
	Last			
NZ OCR	0.50			
90-day Bank Bill	0.68			
5y Bank Bill	1.62			
10y Bank Bill	2.09			
Swap rate spread close (bps)	84			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,771.70	17.70	▼	0.99%
Silver	23.51	0.00	▲	0.01%
Crude Oil	80.16	3.75	▼	4.47%

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